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BIWEEKLY REPORT

SINO-SOVIET BLOC ECONOMIC ACTIVITIES IN UNDERDEVELOPED AREAS

EIC-WGR-1/28

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**PREPARED BY THE WORKING GROUP
ON SINO-SOVIET BLOC ECONOMIC ACTIVITIES
IN UNDERDEVELOPED AREAS**

ECONOMIC INTELLIGENCE COMMITTEE

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Summary of Events
15 - 28 February 1957

The most important Sino-Soviet Bloc activities in underdeveloped countries of the Free World during the period 15-28 February 1956 were the deliberate Soviet delays in implementing credits for economic development in Yugoslavia and the internal pro-Communist pressures on the government of Laos to accept Chinese Communist military and economic aid.

The desire of the USSR to postpone until 1960 a joint Soviet - East German credit of \$175 million to Yugoslavia for the construction of an aluminum project and Soviet intimations that other scheduled credits also would be delayed imply that the ideological controversy between the USSR and Yugoslavia has seriously disrupted their economic relations. Apparently an economic blockade will not be imposed on Yugoslavia, however, for a number of economic agreements have recently been acted upon. These include an agreement on the partial utilization of credits previously extended to Yugoslavia for the purchase of raw materials and industrial and agricultural equipment, the signing of a protocol covering trade during 1957 between the two nations, and the delivery by the USSR of the first of six IL-14 aircraft ordered by Yugoslavia. The planned purchase of a Soviet nuclear reactor by Yugoslavia has, however, met with delays.

The government of Laos is being pressed by the Communist Pathet Lao to request over \$74 million in economic and military aid from Communist China. A significant fraction of the proposed aid would go toward the development of Pathet Lao military and political cadres.

Also in the Far East the Soviet Ambassador to Indonesia is pressing for Indonesian action in regard to the \$100-million economic and technological agreement signed with the USSR in September 1956.

- i -

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In the Middle East and Africa the Czechoslovak Embassy in Cairo has announced that air service between Cairo and Prague will begin soon, and the Ethiopian government is reported to have accepted a Soviet offer to train Ethiopian hospital personnel in Addis Ababa.

In Latin America, Brazil is to receive 72,000 metric tons of standard-gauge rails valued at over \$10 million from Poland as a result of an agreement signed between a Polish firm and a Brazilian bank in November 1956.

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S-E-C-R-E-T

C O N T E N T S

	<u>Page</u>
I. Far East	1
A. Proposal for Chinese Communist Aid to Laos . . .	1
B. Soviet-Indonesian Credit Agreement	2
II. Middle East and Africa	3
A. Czechoslovak-Egyptian Air Service	3
B. Soviet Offer to Ethiopia	3
III. Latin America (Brazilian Purchases of Polish Rail Equipment	3
IV. Europe (Yugoslavia)	4
A. Complaint by Yugoslavia of Soviet Retreat on Economic Assistance	4
B. Delivery of Soviet Aircraft	5
C. Delays in Purchase of Soviet Nuclear Reactor . .	6
D. Trade Protocol with USSR for 1957	6

25X1

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Next 6 Page(s) In Document Exempt

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